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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA
AT ANCHORAGE

ALASKA RENT-A-CAR, INC.,)	
)	
Plaintiff,)	
)	
v.)	Case No. A03-029 CV [TMB]
)	
CENDANT CORPORATION, et al.,)	
)	
Defendants.)	
_____)	

DECLARATION OF ROBERT LAMBERT

1. I am the Senior Vice President, Corporate Sales, in Cendant Car Rental Group, Inc.'s (now Avis Budget Car Rental, LLC) Revenue Generation Group. I have held that position since April 2004. I have held other positions in corporate sales with Avis or CCRG since the early 1980s. I have personal knowledge of the statements herein, based on my position and responsibilities in that position.

Exhibit 1
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2. Before the acquisition of Budget by Cendant, the Avis sales force for corporate and similar accounts was generally organized in the following manner. Large accounts, with sales exceeding \$1 million, were generally handled by national account managers. Smaller accounts were handled on a regional basis by regional sales managers, who supervised their respective groups of account managers. There were other account managers who handled government, association and travel agency accounts. After the acquisition, Avis and Budget sales force personnel became employees of Cendant Car Rental Group, Inc. ("CCRG"), generally with responsibility for both brands. Each brand has benefited from the experience of the former employees of the other brand. In addition, Avis now has more sale people selling Avis than it did before the Budget acquisition.
3. CCRG established its unified sales force because it believed that sales efforts on behalf of both the Avis and Budget brands would be more effective using this approach. In 2003, total "corporate" sales of Avis were approximately \$840 million. In 2003, total "corporate" sales of Budget were approximately \$111 million. Total corporate sales of Avis increased to approximately \$915 million in 2005 and total "corporate" sales of Budget increased to approximately \$117 million in 2005. The corporate sales for Avis in 2005 were its highest ever. In addition, Avis is trending in 2006 to exceed one billion dollars.
4. The approach of the sales force to its customers and potential customers was the same before and after the acquisition. The goal, as we believe should be the goal of any good sales effort, was to determine what the needs and interests of the customer were and to determine if we could meet them. The notion that a salesperson in a competitive market

with sophisticated customers has some magical ability to push or force a customer to buy a service that does not meet its needs and interests is naive.

5. Prior to the acquisition, there were corporate and other accounts for which Avis could not effectively compete without potentially compromising its profitability and/or its image and position in the marketplace as a "premium" brand that provides high quality and full service to its customers, albeit at a premium price, principally in competition with Hertz. Accounts who were more price-conscious and who were willing to accept somewhat lesser service typically patronized companies that were less service oriented and were more price-focused. Thus, Avis sales personnel were often unable to secure the business of many price-focused customers.
6. The unified sales force has helped Avis and Budget to obtain more business by ensuring that salespersons would have two brands, with different emphases, available to meet customers' needs and interests--Avis as a "premium" brand and Budget as a "value" brand. In addition, for those customers who want to have more than one car rental provider, which is not uncommon, the unified sales force allows Avis and Budget to offer customers "one-stop shopping". This affords the customer who desires more than one car rental provider to negotiate with one person for both a "premium" and a "value" brand. Many customers have indicated they appreciate this opportunity.
7. It was not the intent of the use of a unified sales force, nor has the effect been, to take business from Avis for Budget or to take business from Budget for Avis. Although, as noted in paragraph three, above, there have been substantial overall gains for both Avis and Budget subsequent to the acquisition and the use of a unified sales force, there have

been instances in which Avis and Budget have lost customers, for various reasons. There have been a few instances in which Budget lost a customer that Avis gained, or in which Avis lost a customer that Budget gained. In each instance, the customer was not “wooed away” from its existing relationship, but chose to end it and separately decided to enter an agreement with Avis or Budget.

8. A portion of the income of CCRG account managers is a performance bonus. CCRG has structured its bonus system to provide an added assurance that the account managers do not try to persuade customers to switch from one brand to the other. In order to get a full bonus, the account manager must achieve a sales goal for each brand. Any conversion of business from one brand to the other is not considered in determining whether the goal has been met. For example, if a salesperson were “short” of the goal for Budget, (s)he would have no incentive to try to shift business to Budget from Avis in those marginal situations where a customer’s needs and interests might arguably be satisfied by either brand. Thus, the salesperson’s incentive is to seek new business for Avis from customers who want and are willing to pay for “premium” service and to seek new business for Budget, from customers who are more price focused.
9. Corporate pricing for Avis and Budget is based on multiple factors, including trends in the marketplace, client needs, and historical pricing patterns. Prior to the Cendant acquisition of Budget, Avis was typically priced at a premium to Budget. This pricing pattern existed before the Budget acquisition, and the premium has generally been maintained afterwards, and thus has not been affected by the acquisition or the subsequent manner in which Avis and Budget are managed. Any suggestion that pricing decisions have been made by CCRG to “punish” or hurt Avis, the Avis brand, or Avis

franchisees is completely false and would make no sense, particularly in light of the fact that approximately 95% of Avis' revenue is derived from corporate locations.

10. Another area of rental car business that has increased for both brands as a result of the acquisition and subsequent management of both brands is in obtaining "replacement" business -- rentals made largely through insurers or body shops when a customer's car is being repaired after an accident, or through car dealerships. Before the acquisition, and now, Enterprise dominated this part of the rental car market. Before the acquisition, neither Avis nor Budget was able to obtain much "replacement" business because neither Avis nor Budget had a sufficient number of outlets for insurance companies, who are normally responsible for most "replacement" rentals, to consider entering into agreements with either brand. However, with coordinated efforts of participating locations of both brands, they have been able to substantially increase the amount of "replacement" business that Avis and Budget individually obtain.
11. Avis' "replacement" business has increased every year since the Budget acquisition by Cendant from approximately \$6,459,287 in 2003 to \$9,466,621 in 2004 to \$19,965,967 in 2005. For 2006, Avis is trending toward \$32,350,000 in "replacement" business. Budget has gained in the "replacement" market as well, gaining from \$13,220,467 in 2003 to a projection of \$22,650,00 for 2006.
12. I understand that plaintiff appears to want the unified sales force broken up and require there to be a separate sales forces for Avis. I interact with Avis licensees and no other Avis licensee has made that request to me. If we were to separate the sales force, the end result would be that there would be fewer sales personnel selling Avis than there are now

because the sales force would have to be divided between Avis and Budget. I do not think that would be in the best interests of Avis or its licensees.

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 17, 2006.


Robert Lambert